FD-36 (Rev. 5-22-64)

FBI

Date: 5/19/70

Transmit the following in _____
(Type in plaintext or code)

Via AIRTEL REGULAR MAIL
(Priority)

TO: DIRECTOR, FBI

FROM: SAC, BALTIMORE (159-new)(RUC)

SUBJECT: [redacted]
LMRDA, 1959 - IM
(OO: MINNEAPOLIS)

b6
b7C

On 5/14/70, [redacted] advised as follows:

b6
b7C
b7D

The [redacted] has recently received a bonding loss claim in the amount of [redacted] relative to a shortage in the accounts of Local Union 6-528, Oil, Chemical and Atomic Workers, International Union, St. Paul, Minn. Subject diverted funds from the union treasury for his own personal use.

b7D

The shortage occurred during the period July, 1959 - 11/13/69 while subject was the [redacted] of the union. Subject, according to [redacted] has admitted being responsible for the shortage and has agreed to make restitution at the rate of [redacted]

b6
b7C
b7D

The following individuals are officers of Local Union 6-528:

[redacted]

b6
b7C

The preceding information is furnished by the [redacted] in strict confidence and the fact this information originated in [redacted] and with them is not to be disclosed. The

b7D

159-3135-

2 - Bureau
2 - Minneapolis (AM)
2 - Baltimore (1 - 159-5)
TJH/bss
(6)

2 MAY 20 1970

Approved: _____ Sent _____ M Per _____
Special Agent in Charge

55 JUN 9 1970

[redacted] b7D

[redacted] Due to the delicate nature of the contact it is not desirable to ask the [redacted] for more information or access to their files in any specific case. It is recommended that additional facts be obtained from the union involved and if they are not cooperative to consult with the USA re a subpoena for the records. In any report prepared, the predication should be set out in such a manner that the source of the information is not revealed.

Minneapolis Division, at St. Paul, Minn., will discuss facts of case with USA and conduct appropriate investigation.

SAC, Minneapolis (159-85) June 25, 1970

REC-87 EX-117 157-3135-2

Director, FBI

1 - Mr. Hood

[redacted] b6 b7C

LMRDA, 1959 - IM

Reurairtel dated 6/22/70, the status of which is being changed to pending.

To preclude any future question as to the delegated investigative jurisdiction of the Departments of Labor and Justice in LMRDA matters, your office should assure that the USA's office is aware of Department of Justice policy with regard to proper referral of these type cases, which was clarified in USA's Bulletin (Volume 14, number 25) dated 12/9/66, a copy of a portion of which was previously furnished your office with Bulet dated 2/1/67, captioned "Labor Matters."

Your office should promptly submit a LHM suitable for dissemination containing the particulars regarding this matter and include results of your discussion with AUSA J. Earl Cudd. Conclude your LHM with the statement that in view of AUSA Cudd's decision, the FBI is taking no further action in this matter.

WFH:klb
(4)

Tolson
DeLoach
Walters
Mohr
Bishop
Casper
Callahan
Conrad
Felt
Gale
Rosen
Sullivan
Tavel
Soyars
Tele. Room
Holmes
Gandy

MAILED 23
JUN 25 1970
COMM-FBI

JUL 10 1970

MAIL ROOM ☑ TELETYPE UNIT ☐

[redacted] b6 b7C

Kapsch stated that his investigation has been delayed because of the difficulty in getting records from the companies who made remittances for union dues under a check-off system. The bulk of the employees in this union, including [redacted] were employed by the Consolidated Printing Company, St. Paul, Minnesota, but other companies, including the Sun Chemical and Cal-Teck, were also involved in remitting dues to the union monthly. b6 b7C

Kapsch has only recently received confirmation of all the payments that were made to [redacted] of this union. Kapsch stated that he will present the matter to the United States Attorney on both the falsification of union records and embezzlement charges for diverting funds when he has finished his investigation. b6 b7C

Assistant United States Attorney J. Earl Cudd recalled that he had discussed this matter in regards to [redacted] with the Department of Labor investigators. Cudd stated that he realized that he was in error in not advising the FBI on the embezzlement charges pending against [redacted] when this matter was brought to his attention by agents of the Labor Management and Welfare Pension Office last December. b6 b7C

Cudd stated that the Labor Department agents told him they were investigating both the shortages and false statements made by union officials to the Labor Department. Cudd stated that he told the Labor Department agents to go ahead with their investigation, not realizing that the FBI had jurisdiction on the investigation.

In view of Assistant United States Attorney Cudd's decision, the FBI is taking no further action in this matter.

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

[redacted] stated that union officials have turned over all of the union records to the Labor Management and Welfare Pension Reports Office, Department of Labor, Minneapolis, Minn., as of last December. b6 b7C

FRANK KAPSCH, investigator for the Labor Management and Welfare Reports Office, Federal Courts Building, Minneapolis, advised that he has been investigating this matter since December, 1969, for falsification of union reports and embezzlement of union funds after his supervisor, JOHN W. BEATY, had discussed this matter with the USA and had received authorization to investigate this case from the USA on 12/18/69.

KAPSCH stated that his investigation has been delayed because of the difficulty in getting records from the companies who made remittances for union dues under a check-off system. The bulk of the employees in this union, including [redacted] were employed by the Consolidated Printing Company, St. Paul, Minn., but other companies, including the Sun Chemical and Cal-Teck, were also involved in remitting dues to the union monthly. b6 b7C

KAPSCH has only recently received confirmation of all the payments that were made to [redacted] of this union. KAPSCH stated that he will present the matter to the USA on both the falsification of union records and embezzlement charges for diverting funds when he has finished his investigation. b6 b7C

AUSA J. EARL CUDD stated that he realized he was in error in not advising the FBI on the embezzlement charges when they were brought to his attention by the Labor Management and Welfare Pension Office last December, and in the future, he will see that embezzlement charges under the Labor-Management Reporting and Disclosure Act of 1959 are referred to the FBI.

In view of the fact that the Labor Department has assumed jurisdiction in this case, the Minneapolis Office will conduct no further investigation.

OPTIONAL FORM NO. 10
MAY 1962 EDITION
GSA FPMR (41 CFR) 101-11

UNITED STATES GOVERNMENT

Memorandum

TO : DIRECTOR, FBI

DATE: 7/6/70

FROM : SAC, MINNEAPOLIS (159-85) (C)

SUBJECT: [redacted]
IMRDA, 1959 - IM

ST-106
REC-64

b6
b7C

Re Bureau letter 6/25/70.

Attached herewith for dissemination are five copies of self-explanatory letterhead memorandum.

In view of USA's decision, Minneapolis is conducting no further investigation in this case.

1cc D + D
2cc RAO-CRIM. DIV. by O-6
1cc LABOR DESK, TICKLER
7-14-70

ENCLOSURE

REC 14 3135-3

(2) - Bureau
2 - Baltimore (INFO) (Enc. 2)
(1 - 159-5)
1 - Minneapolis
RNP:rfs
(5)

1 JUL 9 1970

5 5 JUL 20 1970

SIX

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

5010-108-02

UNITED STATES DEPARTMENT OF JUSTICE

FEDERAL BUREAU OF INVESTIGATION

In Reply, Please Refer to File No.

Minneapolis, Minnesota

July 6, 1970

[redacted] b6 b7C

Investigation disclosed that [redacted] was removed as [redacted] of the Oil, Chemical, and Atomic Workers International Union, Local 6-528, last November when he was found embezzling union funds.

[redacted] of Local 6-528, states that b6 b7C they have found that [redacted] kept inadequate records and had stolen union funds of about $5500 commencing shortly after [redacted] took office in 1959. A large part of the shortages occurred in recent years when [redacted] diverted remittances to the union. Union dues of members of Local 6-528 are collected under a check-off system, and the employers remit one check a month to the local in payment of dues. [redacted] was cashing these monthly remittances at grocery stores and drug stores and depositing them in his personal account.

[redacted] stated that union officials have turned b6 b7C over all of the union records to the Labor Management and Welfare Pension Reports Office, Department of Labor, Minneapolis, Minnesota, as of last December.

Frank Kapsch, investigator for the Labor Management and Welfare Reports Office, Federal Courts Building, Minneapolis, advised that he has been investigating this matter since December, 1969, for falsification of union reports and embezzlement of union funds after his supervisor, John W. Beaty, had discussed this matter with the United States Attorney and had received authorization to investigate this case from the United States Attorney on December 18, 1969.

[redacted]

ENCLOSURE

FD-36 (Rev. 5-22-64)

1

/ 24

FBI

Date: 6/22/70

Transmit the following in _____
(Type in plaintext or code)

Via AIRTEL _____
(Priority)

TO : DIRECTOR, FBI

FROM : SAC, MINNEAPOLIS (159-85) (P) 6/23/70

SUBJECT: CHANGED [redacted]
IMRDA, 1959 - IM [redacted]
OO: MINNEAPOLIS

b6
b7C

Title marked changed to show correct middle initial of subject.

Re Baltimore airtel to Bureau 5/19/70.

Investigation disclosed that [redacted] was removed as union [redacted] of the Oil, Chemical, and Atomic Workers International Union, Local 6-528, last November when he was found embezzling union funds.

b6
b7C

[redacted] of Local 6-528, states that they have found that [redacted] kept inadequate records and had stolen union funds of about $5500 commencing shortly after [redacted] took office in 1959. A large part of the shortages occurred in recent years when [redacted] diverted remittances to the union. Union dues of members of Local 6-528 are collected under a check-off system, and the employers remit one check a month to the local in payment of dues. [redacted] was cashing these monthly remittances at grocery stores and drug stores and depositing them in his personal account.

b6
b7C

EX-117 REC-87 159-3135-1

MCT-61

JUN 24 1970

(2) - Bureau
2 - Baltimore (INFO)
(1 - 159-5)
2 - Minneapolis
RNP:rfs
(6)

Approved: _____ Sent _____ M Per _____
Special Agent in Charge